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Venezuela

Food Processing Ingredients

Food Processing Sector

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Report Highlights:

Venezuela offers good opportunities for U.S. suppliers to the processed foods sector. The United States is a major supplier of ingredients to Venezuelan manufacturers, although competition from other foreign suppliers has intensified. Major imported food ingredients include: wheat, corn, soybean meal, rice, dairy products such as milk and whey powders, processed fruits and vegetables, and sweeteners. Total U.S. agricultural and food exports to Venezuela over the last five calendar years (2005-2009) have averaged USD 792 million. Continued strong demand for basic food ingredients is forecast to be fueled by a growing population and limited supplies of locally produced inputs.

Post:
Caracas

Author Defined:

I. MARKET OVERVIEW

Venezuela remains a significant importer of agricultural products, with total imports reaching USD 5.9 billion in 2009 according to BRV data. U.S. agricultural and food exports over the last five calendar years (2005-2009) have averaged USD 792 million per year.

U.S. suppliers are seen by local importers, distributors and food processors as a reliable source, in terms of volume, standards, prestige, and quality. Additionally, many local ingredients or products are unavailable or insufficient.

Demand for intermediate agricultural products from the United States increased; total exports were USD 131 million in 2004 compared to USD 390 million in 2009. Additionally, demand for consumer-oriented products from the United States has been growing rapidly; total exports of this category to Venezuela in 2004 were USD 69 million compared to USD 116 million in 2009.

Among the intermediate and consumer-oriented products that have experienced strong growth include: snack foods, breakfast cereals, pancake mixes, dairy products, fresh fruits, processed fruits and vegetables, food ingredients, fruits and vegetables juices, confectionary, and tree nuts.

There is also strong competition from Argentina, Brazil and Chile. The main reason for this is importers are taking advantage of ALADI (Latin America Integration Association) regulations to bring products without foreign exchange restrictions. Additionally, Argentina and Chile have been very aggressively selling products (especially fresh fruits) to Venezuela, and they benefit from duty-free preferential access, too.

Demand for food and beverages is driven by a population of 29 million that is growing around two percent annually. With two-thirds of the population under the age of 30, Venezuela is a youth-oriented food market. This is an excellent opportunity for U.S. market share to increase in the future.

Advantages and Challenges of Exporting to Venezuela's Food Processing Sector

Advantages	Challenges
<ul style="list-style-type: none">Local ingredients unavailable or insufficient, while US food products are considered high quality.Fast food chains that require American food ingredients are having success in Caracas and in major cities.	<ul style="list-style-type: none">Government-imposed exchange control and price control.U.S. exporters still must comply with all sanitary and phytosanitary requirements, which can be modified.Andean Community of Nations (CAN)

<ul style="list-style-type: none"> • Proliferation of shopping malls and accompanying expansion in the retail and dine-out establishments using U.S. products. • U.S. suppliers are seen by local food processors as a reliable source, in terms of volume, standards and quantity. • Two-thirds of the population is below 30 years of age and are heavily influenced by U.S. culture through media, and are observed to be very open to processed and ready to cook, ready to eat, and imported food products. • Operations by multi-nationals requiring world standard ingredients. 	<p>and other South American countries have trade agreements with Venezuela giving them preferential duties for some products.</p> <ul style="list-style-type: none"> • High tariffs applied to most specialty food imports and increased difficulty in obtaining import permits. • Several exchange rates are in force, resulting in U.S. ingredients becoming expensive. This can shift buyers to source cheaper alternatives to keep current market prices in a very price sensitive market.
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II. ROAD MAP FOR MARKET ENTRY

A- ENTRY STRATEGY

- U.S. exporters can approach Venezuelan food processors through a large importer, a large wholesaler/distributor, or a specialized importer.
- The market is highly price-sensitive. While American products are usually highly regarded for their quality and product consistency, which gives them a certain advantage in terms of pricing premium as compared to competing products, consumers are extremely resistant to price increases.
- Regardless of which strategy is chosen, U.S. exporters need a local partner to educate and update them about market consumer trends and development, product registration procedures, and business practices. The local partner should be well known by the U.S. company before any permanent contractual arrangement is made.

B- MARKET STRUCTURE

- Wholesalers/distributors play an important role in this market structure, diversifying their purchases from U.S. exporters, local importers, through the local food processing sector wholesalers, retailers and the food service. Some large food processors import directly from U.S. suppliers.
- The Venezuelan food processing industry distribution system serves all different channels:

hotel, restaurant and institutions (HRI) retail, wholesale and other food processing companies. Negotiations with wholesalers and distributors may include semi-exclusive contracts with limitations on geographic areas covered and/or restrictions on product lines available to a company's competitors. Retail segment purchases are made directly from food processing companies or from wholesalers. Domestic wholesalers, distributors, and retailers supply the HRI sector.

C- COMPANY PROFILE

The following table provides information on some of the largest processors in Venezuela.

**Table 1. Processed Food Imports from All-origins
December 2008 – December 2009**

Company	Industry
ALIMENTOS POLAR C.A.	Margarine, vegetable oils, sauces, rice
ALIMENTOS HEINZ C.A.	Sauces
ALMACENADORA GRANELERA C.A.	Grains & cereals
ALIMENTOS KELLOGGS S.A.	Grain & cereals
ALFONZO RIVAS C.A.	Grains, snacks, beverages
BIMBO DE VENEZUELA C.A.	Grains
CADIPRO MILK PRODUCTS C.A.	Dairy Products
CARGILL DE VENEZUELA C.A.	Several products
CONSORCIO OLEAGINOSO PORTUGUESA S.A.	Oilseeds
DEL MONTE C.A.	Vegetables, ketchup, fruits
GENERAL MILLS DE VENEZUELA	Grains
INDUSTRIA ALIMENTICIAS NOEL DE VENEZUELA	Confection & Snacks
KRAFT FOODS DE VENEZUELA C.A.	Dairy Products, Sauces
MOLINOS CARABOBO S.A. (MOCASA)	Wheat & other grains
MOLINOS NACIONALES C.A. (MONACA)	Wheat & other grains
MOLINOS VENEZOLANOS C.A.	Wheat & other grains
NESTLE VENEZUELA S.A.	Dairy products, Snacks
PASTAS CAPRI C.A.	Wheat
PASTAS SINDONI C.A.	Wheat
PLUMROSE LATINOAMERICANA	Meats
PRODUCTOS EFE S.A. / POLAR Group	Ice Creams
SNACKS AMERICA LATINA DE VENEZUELA SRL / POLAR Group	Snacks

Source: *CADIVI (government exchange control entity)

III. COMPETITION

The United States is a major supplier of food ingredients to Venezuela. The following table provides a breakout in key sectors.

**Table 2. Competition Situation facing U.S. suppliers
January-December 2009**

Product Category and Approximate Value	Rank	Country	Share of Import Market (%)
Wheat Net imports: \$412 U.S. Million	1 2 3	Canada United States Mexico	61 36 2
Chocolate Food (Powders, Sweetening and mixes) Net imports: \$44 U.S. Million	1 2 3 4	Colombia United States Brazil Switzerland	30 16 11 8
Maize (Corn) Net imports: \$290 U.S. Millions	1 2 3 4	United States Brazil Argentina Mexico	90 4 2 2
Soybeans Net imports: \$93 U.S. Millions	1 2 3 4	United States Brazil Argentina Chile	44 22 14 4
Tree Nuts Net imports: \$26 U.S. Millions	1 2 3 4	Chile United States Spain China	73 17 7 1
Grapes (Fresh or dried) Net imports: \$28 U.S. Millions	1 2 3 4	United States Chile Peru Argentina	53 43 4 1
Apples Net imports: \$56 U.S. Millions	1 2 3	Chile United States Argentina	82 17 2
Extracts of Coffee and tea Net imports: \$21 U.S. Millions	1 2 3 4	Colombia United States Ireland Brazil	48 20 10 7
Sauces & Condiments Net imports: \$21 U.S. Millions	1 2 3 4	Mexico United States Colombia Canada	46 24 11 10

Vegetable preparations Net imports: \$22 U.S. Millions	1 2 3 4	United States Argentina Spain Thailand	28 20 19 7
Edible Fats and oils Net imports: \$226 U.S. Millions	1 2 3 4	Paraguay Argentina United States Bolivia	40 30 20 9

Source: Global Trade Atlas
SENIAT (Venezuelan National Integrated Tax Administration Service)
January-December 2009.

IV. BEST PRODUCTS PROSPECTS

The following is an illustrative table of the major export opportunities and some of the emerging opportunities for U.S. food processing ingredients products to Venezuela:

Subsector	Food Processing Prospects
Fats & Oils	Vegetable Oils, Edible fats
Fruits and vegetables preparations	Prepared tomatoes, apples, pears, and grapes
Cereals	Wheat, corn, rice.
Confectionary	Glucose, lactose, fructose, glucose syrup, chocolate preparations, modified sugars
Snack foods	Breakfast cereals and chocolate mixes
Dry goods and condiments	Ketchup, mayonnaise, mustard, sauces, extract of coffee and tea, soy sauce
Baking products	Yeasts, baking powders, blends and mixtures for bakery
Beans	Soybeans
Proteins	Proteins Concentrate

V. POST CONTACT AND FURTHER INFORMATION*

POST INFORMATION

Foreign Agricultural Service
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American Embassy
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websites: www.fas.usda.gov (Washington)

<http://caracas.usembassy.gov/usda> (Caracas)

Asociacion Nacional de Supermercados y Autoservicios (ANSA)
Av. Diego Cisneros (ppal. de los Ruices) c/calle Bernardette,
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Tel. 58-212-237.10.92/ 237.04.72 235.75.58 / 234.44.90.
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Los Ruices
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Tel: 58-212-239-9818/0918
Fax: 58-212-238-3268
www.cavidea.org.ve

Fondonorma (COVENIN -Venezuelan Standards Agency)
Servicio Autónomo
Dirección de Normalización y Certificación de Calidad
Avenida Andrés Bello,
Edificio Torre Fondo Común, piso 11
Caracas, Venezuela
Tel: 58-212-575-4111
Fax: 58-212-574-1312/576-3701

Ministerio de Salud y Desarrollo Social (Ministry of Health and Social Development)
Edificio Centro Simón Bolívar
Edificio Sur, piso 7
Caracas, Venezuela
Tel: 58-212-481-5573/4292/9101/482-0345
Fax: 58-212-483-8189

Camara Venezolano-Americana de Comercio e Industria (VENAMCHAM)
(Venezuelan-American Chamber of Commerce)
2da.Av. de Campo Alegre, Torre Credival, Piso 10, Ofic.A, Caracas 1060, Venezuela
Apartado Postal 5181 (Caracas 1010-A)
Tel.: 58-212-263-0833/267-20-76/64-81
Fax: 58-212-263-20-60
www.venamcham.org

MAIN FOOD PROCESSORS*

ALIMENTOS HEINZ, C.A.
Calle Orinoco, Torre Uno, piso 1, Las Mercedes CARACAS
58-212-909.19.99 / 18.72
58-212-993.03.29
www.heinz.com

ALIMENTOS KELLOGG'S S.A.

Av. Tamanaco, Edif. Extebandes, piso 6, El Rosal. Caracas 58-212-951-14-30 / 37-70

58-212-951-68-07

www.kelloggs.com

ALFONZO RIVAS & CÍA

Av. La estancia, Edif. General piso 8, Chuao CARACAS

58-212-909.20.00

58-212-993.69.72.

www.alfonzorivas.com

BIMBO DE VENEZUELA, C.A.

Zona Ind. Del Este, Sector Los Barbechos, Urb. Maturin, Prolog., Av. II, Edif. Bimbo de Venezuela GUARENAS MIRANDA

58-212-360.22.22

58-212-360.22.03

www.bimbo.com

CADIPRO MILK PRODUCTS C.A.

Torre La Previsora, Piso 9,

Av. Abraham Lincoln con Av. Las Acacias,

Sabana Grande – Caracas

58-212-709.6858 / 6811

58-212- 709.6845

CARGILL DE VENEZUELA, C.A.

Av. Fco. de Miranda, Parque Cristal, Torre Oeste, piso 7 CARACAS

58-212-208.53.11

58-212-208.53.20

www.cargill.com

GENERAL MILLS DE VENEZUELA, C.A.

Av. Venezuela, Torre Clement, piso 1, Ofic. A y B, El Rosal CARACAS DF

58-212-951.41.11-34.67

58-212-951.19.56

www.generalmills.com

KRAFT FOODS VENEZUELA, C.A.

Av. Fco. de Miranda, Edif. Seguros Venezuela, piso 4,

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www.kfrat.com

MAVESA S.A. (Polar Group)

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www.nestle.com.ve

PASTAS CAPRI
Zona Industrial Corralito, Edif. Capri, Carrizal, Edo. Miranda LOS TEQUES MIRANDA
58-212-383.20.66
58-212-383.14.29

PARMALAT INDUSTRIA LÁCTEA VENEZOLANA, C.A.
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58-212-205.25.97
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Los Ruices CARACAS
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PRODUCTOS EFE C.A (Polar Group)
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